

**PROPERTY TAX REFUND
Renter Property Tax Refund
Modifications**

February 14, 2023

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 1323 (Agbaje) as proposed to be amended (H1323DE1)

	Fund Impact			
	F.Y. 2024	F.Y. 2025	F.Y. 2026	F.Y. 2027
	(000's)			
General Fund	\$0	(\$24,500)	(\$26,100)	(\$27,700)

Effective for refunds based on rent paid in 2023 and thereafter.

EXPLANATION OF THE BILL

Under current law, renters with a household income of less than \$73,680 are eligible for a property tax refund.

The proposal would modify the renter property tax refund table to expand the eligible household income range up to \$90,000 beginning with tax year 2023 (fiscal year 2025). The proposal would also reduce copays by 5% for renters with household incomes above \$50,510 and increase maximum refunds for renters with household incomes above \$63,150.

REVENUE ANALYSIS DETAIL

- The estimates are based on the November 2022 forecast.
- Expanding the renter refund table would increase refunds to renters, increasing the cost of state-paid property tax refunds beginning in FY 2025.
- For current renter refund claimants, about 54,000 filers would receive an increase totaling approximately \$3.0 million in the first year, with an average refund increase of about \$62.
- Increasing the household income range to \$90,000 would result in an estimated 47,000 additional renters becoming eligible and filing for a refund beginning in FY 2025. The refund amounts for newly eligible renters would total approximately \$21.5 million in the first year, with an average refund of about \$457.

Number of Taxpayers: 101,000 renter PTR claimants would receive an increased refund.

PROPERTY TAX BENCHMARKS (Minn. Stat. § 270C.991)

<i>Transparency, Understandability, Simplicity & Accountability</i>	Neutral
<i>Efficiency & Compliance</i>	Neutral
<i>Equity (Vertical & Horizontal)</i>	Neutral
<i>Stability & Predictability</i>	Neutral
<i>Competitiveness for Businesses</i>	Neutral
<i>Responsiveness to Economic Conditions</i>	Neutral

The bill is scored on a three-point scale (decrease, neutral, increase) for each principle in comparison to current law.

Source: Minnesota Department of Revenue
Property Tax Division – Research Unit
<https://www.revenue.state.mn.us/revenue-analyses>

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